

**Michigan House of Representatives
Joint House Committee Meeting
Commerce and Transportation: Subcommittee on Public Transit**

**Testimony of
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**November 23, 2007
Lansing, MI**

Good morning Chair Meisner and members of the committees. My name is Andy Guy, and I am the Grand Rapids project director for the Michigan Land Use Institute. I appreciate and thank you for the opportunity to testify today on the issue of public transit in Michigan, and more specifically the economic benefits of investing in modern transit options for our citizens, visitors, and companies.

Executive Statement

Serious investment in modern mass transit is no longer an option for Michigan and its cities. It's an urgent necessity. A number of people in our state still view mass transit projects as these wild experiments using unproven machinery that threaten to bust government budgets, crash private property values, and interfere with auto independence. But the reality is that thoughtful planning for and investment in mass transit is both a path to, and a requirement for, strengthening Michigan's economic competitiveness for the 21st century.

Big Picture Trends Favor Transit

In a growing number of cities across the nation - and certainly in metro Grand Rapids - an increasingly broad movement of business leaders, public officials, and transit proponents say that the growing popularity of mass transit is a response to many converging national trends. Those trends include:

- The urgent need for cities to attract young, talented workers and prosper in the Digital Age.
- Increasing traffic congestion, rising gas prices, and the growing financial burden of car ownership.
- The goal of promoting green building and sustainable development.
- Demographic (empty nesters/single professionals) and immigration trends that are growing central cities.
- Mounting concerns about climate change and environmental protection.
- Lifestyle changes that favor walking, biking, and healthy living.

The National Transit Revolution

These trends overwhelmingly favor growth in vibrant metropolitan areas and, by extension, the expansion of clean, safe, convenient, and cost-effective public transit. That is why alternatives to the automobile, particularly permanent rail lines and streetcars, are quickly emerging in American cities as ways to manage the change and translate some truly ominous threats into real opportunities to propel economic growth in the knowledge economy.

San Jose. San Diego. Chicago. San Francisco. Phoenix. Portland. Denver. Seattle. Minneapolis. Memphis. Dallas. Sacramento. St. Louis. Salt Lake City. All these places have invested billions of dollars in permanent mass transit and commuter rail systems over the last decade. Those

investments, in a majority of the examples, have leveraged and spun off considerable private sector investment. And many of these of places are regularly cited by college grads and high-tech companies as choice destinations. Michigan must recognize the trend and respond to ensure we remain competitive with these urban centers.

Disclaimer: I'm not saying transit is a silver bullet for our current economic situation. Rather, my goal is to point out that modern public transit - like good schools and universities, vibrant urban hubs with parks, public art, and round-the-clock entertainment, and cultural diversity - is a common denominator that defines many of America's most successful regions today.

Disclaimer 2: We need to look at this issue from the perspective of a comprehensive transportation mix. It's not roads or transit. It's surface streets and streetcars. Highways and light rail. Commuter trains and airports. Walkable neighborhoods and bike lanes. It's about providing a broad range of transportation options and choices that are safe, convenient, and affordable for a wide variety of residents, visitors, and workers.

The Portland Experience

Thirty years ago, the City of Roses looked more like the cities of the Rust Belt. Underused industrial property and highways obstructed the waterfront along the Willamette River, just as they still do along Grand Rapids' riverfront. Vacant commercial property plagued the urban core, just as it still does in desolate Muskegon. And urban living was a daring choice to some people, just like it is today in Detroit.

Then, Portland's civic leaders decided to get serious about targeting development in the central city and promoting mass transit.

- They killed a new highway in the late 1980s.
- They built a light rail connecting the suburbs to the central city in the early 1990s.
- And, in 1997, they publicly announced a 2.4-mile, \$56.9 million streetcar system. The original route was specifically designed to accelerate revitalization and circulate people into and out of major downtown hubs such as Portland State University and Good Samaritan Hospital.

Initially, some local developers were among the disinterested if not skeptical stakeholders. I spoke with Homer Williams, a prominent local developer, who worried the proposed streetcar project would generate noise, scare off prospective condo buyers, intensify traffic congestion on narrow city streets, and diminish property values in the central business district.

Today, however, Mr. Williams is an eager streetcar booster. He credits the streetcar with ramping up demand for downtown housing, increasing property values, and improving mobility for residents and commuters. His firm even decorated one new building with a giant neon sign that encourages people to "Go by Streetcar."

"In many ways, it had the exact opposite effect from what I expected," Mr. Williams said. "If the average [city] block is selling for \$3 million, that block would be \$4 million on the streetcar line. One block off it would be about \$3.5 million. Two blocks off it would still be over \$3 million. So there's been about a 35-40 percent bump in value on the streetcar line."

In total, private developers have pumped some \$2.8 billion in new condos, commercial space, and other redevelopment projects since the streetcar was announced. Remarkably, all are located within two blocks of Portland's now 4.8-mile downtown streetcar loop. In fact, 55 percent of all

development in Portland's central business district during the past decade has occurred within one block of the streetcar route, according to city records.

Portland isn't the only city enjoying the return on a serious investment in streetcars:

- **Little Rock, Ark.**, opened a 2.5-mile route in 2004 at a cost of approximately \$20 million and already has experienced more \$1.2 billion in new development.
- **Tampa, Florida's** 2.3-mile, \$56 million streetcar system, opened in 2003, and already has leveraged \$1 billion in private investment.
- **Tacoma's** \$89 million streetcar system, opened in 2003, already has generated nearly \$1 billion in redevelopment.

But Portland's Pearl District offers the most graphic illustration of the streetcar's power to transform blight into bounty. Once a polluted and abandoned rail yard, the 70-acre site immediately north of downtown is now a thriving new neighborhood complete with grocers, restaurants, galleries, and boutique clothing shops. The streetcar route cuts through the middle of it all.

The South Waterfront is Portland's next big thing. Currently under construction and scheduled for completion in 2015, the redevelopment of the old shipyard is projected to add 10,000 jobs, 3,000 housing units, and 250,000 sq. ft. of ground-level retail to the central city. Anchored by Oregon Health and Science University, the South Waterfront is the largest economic development project in Portland's history and—like electricity, water, and roads—streetcar tracks are already installed as basic infrastructure.

Today, a diverse group of community leaders there describe the street car as an amazing economic, environmental, and social improvement tool. What's more, Portland regularly ranks as one of the most attractive, sustainable, and economically competitive places to live in the United States.

Grand Rapids Responds

Grand Rapids is following a similar model. There are a number of activities underway to promote public transit in Michigan's second largest.

But perhaps one of the more important trends to note is that voters in the six cities that makeup the greater Grand Rapids metropolitan transit district have approved three separate tax hikes in the past seven years to expand regional bus service. Transit proposals are uniting a broad coalition of interests – including realtors, Chambers of Commerce, Republicans, Democrats, and environmentalists – basically because the issue is viewed as essential to the region's economic competitiveness, environmental health, and cultural wellbeing. To put it another way, investment in mass transit is viewed as a critical component in the region's 21st century economic development strategy.

Civic leaders in Grand Rapids have long recognized the pressing need to weave mass transit options into the modern development strategy.

- The Citizen's League of Greater Grand Rapids first called for planning to begin on a community-wide light rail system in April 1990.
- The West Michigan Environmental Action Council proposed several light rail options crossing the city in December 2000.

- The City of Grand Rapids Master Plan, adopted in 2002, calls for permanent mass transit throughout the city and a zoning code to promote development that supports it.
- Getting There Together coalition published the Citizens' Agenda for Transit in 2006.
- Kent County recently established a special transit task force to study its role in providing a higher level of transit service.

The regional transit agency also established a task force to prepare a strategy for a major investment in a higher level of public transportation service. At this time, two major projects are in the planning stages:

- Bus Rapid Transit service connecting the central city to the south suburbs. Nearly 10 miles, 19 stops, \$33.6 million.
- A streetcar circulator to move people around downtown. 2.4 miles, 13 stations, approx \$69 million.

The increasingly urgent question is 'what role, if any, will the state play to help advance these efforts.' It's important to note that, despite the robust local conversation about expanding transportation choices, the only major investment the Michigan Department of Transportation is actively advancing for downtown Grand Rapids is a 20th century style highway widening. Whether that proposed \$375+ million dollar investment will further energize the city's redevelopment is debatable. The agency also continues to struggle with implementing context sensitive design solutions in the urban area, as well as making investments that stimulate transit activity and pedestrian friendly urban centers.

Recommendations

- **Temporarily suspend and reevaluate** proposed investments in urban highway expansions – particularly the proposed widening of I196 through downtown Grand Rapids. There's compelling evidence that the proposed transportation investment could be used in a more innovative strategy to accelerate the city's revitalization, generate new economy jobs, and boost the city's competitiveness in the 21st century.
- **Get Michigan's fair share.** Michigan's lackluster commitment to public transit risks sacrificing \$100 million a year in federal funds earmarked to maintain and grow public transit. It costs the regions such as the greater Grand Rapids metro area dearly for two reasons. First, service providers must cover Lansing's cuts by shifting scarce dollars away from bus and technology upgrades, service enhancements, and other line items that improve the system.

Second, for every dollar Michigan does not spend on local transit, it loses four additional federal dollars that could be used to maintain and improve those services. Leaving these critical federal dollars on the table, especially in such uncertain financial times, is bad business and irresponsible governance. Securing those funds must be a top priority for state legislators and the governor.

- **Stop stealing from the transit fund.** Another reason why Michigan fails to leverage its fair share of federal transit funding is that state lawmakers now habitually spend money originally collected for transit on other priorities. Since fiscal year 2000-2001, lawmakers have taken more than \$65 million from the Comprehensive Transportation Fund to cover general fund deficits. The largest allocation of CTF revenues traditionally provides operating assistance to local transit agencies. Transfers from the fund must cease, and all transit dollars must be spent on transit.

- **Fully fund transit.** The Michigan Constitution allows using “up to 10 percent” of gas and diesel tax revenues to replenish the Comprehensive Transportation Fund. The state, however, fails to contribute the full 10 percent. In fact, when then-Governor John Engler raised the state gas tax in 1997, the most recent hike, the full four-cent increase went to maintaining, expanding, and building roads; none went to the CTF. State leaders must support the transportation fund at the state’s constitutional maximum. That will elevate and stabilize currently unpredictable transit funding, leverage more federal dollars, and maintain and expand local transit services.
- **Think outside the box.** Political leaders must also think creatively about new funding streams that go well beyond the old ones, which are most often property tax millages. Summit participants identified two reasonable and promising ideas that merit immediate action.

First, more of the taxes collected on auto-lease agreements must go to transit. Currently, a percentage of the tax generated from auto sales goes directly to the CTF to support transit programs. But similar revenues generated from leasing agreements, an increasingly popular arrangement, go to the general fund, not transportation. State leaders should close this anti-transit loophole by transferring the special, statewide tax on auto-leasing agreements to the CTF.

Second, increase the state gas and/or diesel tax to generate new funding. The Legislature could boost annual transportation funding—across the board—by \$50 million for every cent it raises the diesel tax. That would mean an additional \$5 million increase in transit-related funding.

- **Link land use and transportation planning.** Careful land use planning is essential for making public transportation work. That is because mixed-use, compact, walkable development makes transit more efficient and effective. Yet land use planning and spending at the local, regional, state, and federal level remain largely disconnected from transportation planning and investment decisions. Low-density land uses that segregate schools, neighborhoods, and businesses into isolated sections of the community are now the rule in our region. Until civic leaders better coordinate land use and transportation decisions, it will be difficult to develop a truly comprehensive, fast, attractive regional transportation system.
- **Promote collaboration.** Dozens of individual local governments are responsible for transportation and land use planning and investment. But little formal public process exists to foster collaborative planning, cooperation on appropriate development, and responsible use of capital. Cities, townships, villages, and counties must work together more closely. The state’s economy, ecology, and culture depend on it. Preserving local autonomy is important but, ironically, government leaders can best defend the character of their communities by embracing regional planning, coordinating decision-making across political boundaries, and planning together for a modern, multi-modal transportation system. Any other approach facilitates more sprawl and erases the things that make each community unique.
- **Design superior streets.** Roadways across the state generally are designed for a single purpose: speeding the passage of cars and trucks. Too often officials choose new or wider streets and highways at the expense of public transit and other alternatives that respect community character. But many transportation planners now realize that traffic expands

to fill available road space and that fewer transportation alternatives lead to more traffic congestion.

The backbones of balanced transportation systems are road corridors that enable people, goods, and services to travel safely and efficiently in a variety of ways, including by car, truck, bike, bus or train, and foot. Local officials must embrace innovative street designs that incorporate all of these alternatives from the very beginning of the planning process. Projects must also meet or exceed Americans with Disabilities Act requirements. That will ensure roads become thriving transportation corridors that meet everybody's needs.

- **Target jobs along transit routes.** As communities rework their master plans and zoning ordinances, they can significantly strengthen public transit and the local economy by targeting future economic development along existing or proposed transit routes. Too often, developers build major job centers, such as office parks, outside current transit service areas or well away from existing routes. The buildings tend to sprawl across their sites and often lack sidewalks, which makes providing transit service more difficult and expensive. Coordinating new job centers with transit routes strengthens transit service and makes the economy more efficient as more people discover easier ways to get to work.

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